



Proposed 1985 Budget



Chicago Transit Authority



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1985

PROPOSED

1985

BUDGET

CHICAGO TRANSIT AUTHORITY
Merchandise Mart Plaza
P.O. Box 3555
Chicago, Illinois 60654

OCTOBER, 1984

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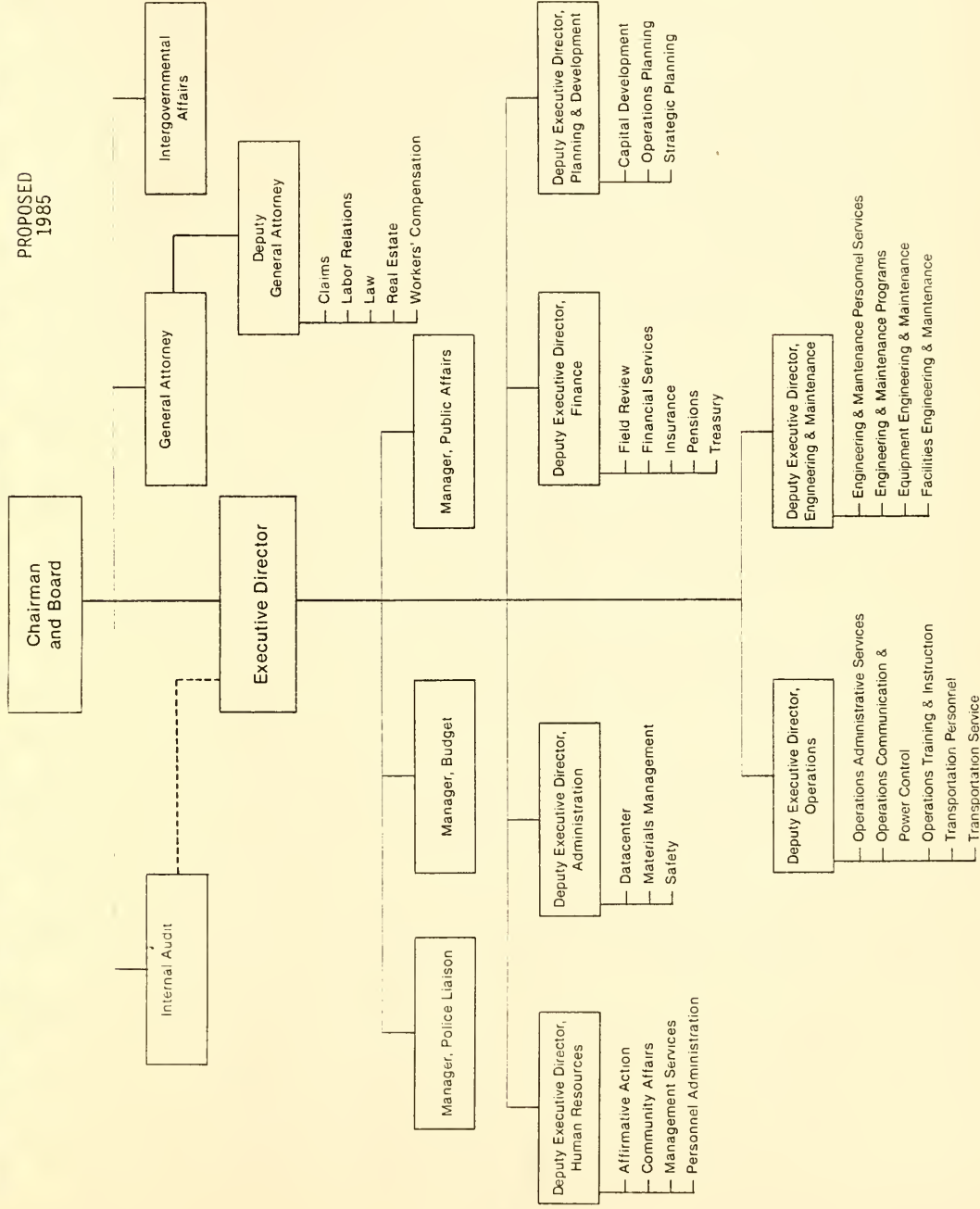
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1985 BUDGET

I. Summary and Overview

CHICAGO TRANSIT AUTHORITY

PROPOSED
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INTRODUCTION

After several years of difficult financial times for the Chicano area public transportation system, the Illinois General Assembly in November, 1983 passed an amendment to the Regional Transportation Authority (RTA) Act that both provided new funds to RTA, and restructured its organizational relationships with existing public transportation carriers. At the same time, RTA received important new budgetary powers.

Of chief importance to CTA, the new legislation provided that:

1. The CTA's public funding requirement could not exceed \$267 million in State Fiscal Year 1984 (July, 1983 - June, 1984). This required some significant expense cuts by CTA. (See Appendix I for a description of these and other major budgetary actions over the past few years.);
2. The CTA had to obtain the "forgiveness, modification or discharge" of its \$33 million pension liability (also see Appendix I);
3. The CTA cannot enter into new labor contracts "requiring the payment of wage increases based on changes in the Consumer Price Index."
4. The regional transit system has to recover at least 50 percent of its operating costs from system-generated revenue (revenue recovery ratio);
5. In meeting the regional revenue recovery ratio of 50 percent, Service Boards are allowed to carry over revenue from previous fiscal years that was in excess of the amount needed to meet their recovery ratio requirement in those years;

6. The RTA must provide to the CTA (and other Service Boards) by September 15th of each year the revenue recovery ratio for the following year, and the public funding to be available for the following three years;
7. The CTA (and Service Boards) must adopt a budget and two-year financial plan based on the recovery ratio and public funds to be available, and submit it to the RTA by November 15th of each year; and,
8. The RTA must then adopt (with at least nine affirmative votes) a consolidated budget and financial plan by December 31st.

Due to this new schedule, CTA's budget development process has had to be accelerated by about 1 1/2 months (see Appendix II for a description of the budget process and schedule).

It is important to note that in addition to CTA's operating needs, CTA is also submitting as part of its Proposed 1985 Budget a request of \$15.7 million for "Capital Related" items as follows:

<u>Capital Related Items</u>	<u>000's</u>
Associated Capital Maintenance (Local Share)	\$ 1,420
Capital Expenditures (100% RTA Funded)	14,248
Total	<u>\$15,668</u>

"Associated Capital Maintenance" represents the 20 percent local share for a federal grant program that provides for the purchase of major parts or components for CTA buses and trains. The details of this program are shown in Appendix III. "Capital Expenditures" is the estimated amount required to purchase various capital assets that would otherwise be leased or purchased

out of the operating budget. As such they represent significant savings in terms of financing costs. In addition, if these were to be paid out of the operating budget instead, approximately \$2.0 million would have to be added to the 1985 Budget, with a resultant adverse impact on the recovery ratio. These capital items are proposed for 100% RTA funding in 1984/1985 and are basically items that are not generally funded by the federal or state capital grant programs due to the limited size of these programs, or because of the urgency of the need. However, they offer the opportunity for significant payback due either to the avoidance of financing costs, or to their ability to improve productivity (e.g. office automation equipment). These items are detailed in Appendix IV and should not be confused with the normal capital grant program that is funded by the federal and state governments (see Section III--Capital Budget).

Appendix V lists 1984 Budget transfers as of September, 1984. These transfers are made under the provisions of Section 4, CTA Budget Ordinance 83-167 which allows line-item transfers within or between departments of amounts not in excess of 5 percent of the department's budget (upon approval by the Chairman or Executive Director and with notification to the Chicago Transit Board).

As a final comment, it should be realized in reviewing this document that there is a slight difference between CTA and RTA fiscal years. CTA's fiscal year is based on 52 weeks and, accordingly, is 364 days long (52 weeks x 7 days). RTA's fiscal year is based on 12 months and is 365 days long. While seemingly insignificant, this results in about an \$850,000 difference in the annual public funding requirement. In general, the figures in this document are stated in terms of CTA's fiscal year. However, in the "Summary of 1985 Public Funding" (Section IIA) and the "Financial Plan", the RTA fiscal year amounts are shown and are so indicated.

OPERATING BUDGET HIGHLIGHTS

For 1985, RTA has advised CTA that its revenue recovery ratio will be 50.56% and the public funding to be available for operating purposes will be \$307.3 million (this is for CTA's fiscal year and excludes \$1.4 million for non-operating expenses which do not count against the recovery ratio). It should be noted that the public funding to be made available to CTA in 1985 includes \$12.9 million in "farebox carryover" that, in effect, rewards CTA for its favorable budget performance in 1984. This is allowed by the November, 1983 amendment to the RTA Act.

Comparing CTA's 1985 public funding requirement (projected) against the \$307.3 million indicated by RTA to be available leaves a shortfall of \$38.3 million to be achieved by cost reductions through labor contract concessions or service level cuts. Key assumptions in the Proposed Budget include frozen wage levels as of expiration of the current labor contract (November 30, 1984), and resumption by CTA of the full 13 percent pension contribution as required by the December 19, 1983 amendment to the Retirement Plan. (See other key budget assumptions, Section I.D.).

Comparative 1984-85 financial information is summarized below (CTA FY--000s omitted):

	<u>Adopted 1984 Budget</u>	<u>1984 Projected Results</u>	<u>1985 Proposed Budget</u>
Operating Expenses	\$560,532	\$546,598	\$633,970
System-Gen. Revenue	292,228	298,975	288,308
Farebox Carryover (1984)	-	-	12,847
Total Revenue	<u>292,228</u>	<u>298,975</u>	<u>301,155</u>
Pub. Funding Required for Operations	268,304	247,623	332,815
Public Funding Available (excl. Farebox Carryover)	<u>\$268,304</u>	<u>\$247,623</u>	<u>294,484</u>
Required Reduction	-	-	\$ 38,331
Revenue Recovery Ratio	52.13%	54.70%	50.56%

The large increase in operating expenses shown (1985 Proposed Budget vs. 1984 Projected Results) is the result of the following key factors:

1. Resumption of CTA's pension contribution at the full rate of 13%. This accounts for about \$41 million.
2. An increase in other labor costs including an increase in the labor loading rate (FICA, Group Insurance costs, etc.), additional labor hours over projected 1984 levels, and proposed new positions (about \$23 million).
3. The assumption of 6% inflation for 1985. This accounts for about \$7 million. (This is on non-labor items since wage rates are assumed to be frozen as of expiration of the current labor contract.)
4. An increase in the Provision for Injuries and Damages as recommended by external auditors (\$4.5 million).
5. Proposed additional contracts or services such as expanded structure painting (about \$9 million).

The specific increases are further explained in the section "1985 Proposed Budget vs. 1984 Projected Results" (Section I.F.)

System-Generated Revenue shows a decrease of \$10.7 million due primarily to the elimination of revenue from the Chicago Urban Transportation District (CUTD), a one-time revenue in 1984 only.

In terms of proposed additions to the 1985 Budget (over 1984 levels), this year again saw a large demand for new resources to deal with problem areas and unmet needs. In Phase I of the budget process during which departments request additional resources, a need for 545 additional positions and \$30.6 million was expressed. These requests were pared to 132 positions (and 3 positions entirely funded by the capital program) and \$11.3 million

for inclusion in the Proposed Budget. Eighty-six (86) of the positions, or 65% are in Operations or Maintenance.

The proposed additions are highlighted below.

In "operational" areas (Operations and Maintenance):

1. The Operations Division's emphasis in 1985 will again be on improved performance and productivity on the part of the operating employee, and on improved communication between management, operating employees and the riding public. Five controllers are being requested to respond to the increased demand for radio response from the Control Center. To relieve management of a number of routine tasks, additional clerical support is proposed, as is a consulting contract and an additional employee to review and automate current procedures and functions. To help management and professional employees become more proficient in the performance of their responsibilities, a Management Development Coordinator is also requested.
2. In Equipment Maintenance, major emphasis is being placed on the quality of work done in the shops and by outside contract. This is reflected in the request for two Quality Control Technicians for Rail Maintenance, and for the re-establishment of a Methods and Standards section within the Equipment Engineering Section (six employees).
3. In order to better repair and maintain rail vehicle heating and air-conditioning, two machinists, one electrical worker and twelve repairmen are requested for Rail Maintenance.

4. Two Electronic Technicians are proposed for the in-house repair of rail cars out of warranty, and three engineering employees are proposed due to the increased variety of manufacturers and vehicle types.
5. Three Assistant Foremen are proposed for better PM, night and weekend supervision of rail car maintenance.
6. Fifteen additional employees are being proposed in Facilities Maintenance due to a current backlog and expanded requirements under various capital (and Interstate) funded programs. (These positions are funded by the capital programs to the extent capital work is performed, but are also partially funded by the operating budget).
7. In Building and Grounds, eight additional employees are proposed due to the increased workload from the new O'Hare stations and the opening of the Kedzie garage (more sophisticated machinery, etc.). Also, three more employees are proposed due to the increase in the number of garages with air pollution systems, and more complex heating, fuel dispensing and lubrication systems.
8. The Associated Capital Maintenance program (80% federal funds for certain high-value vehicle components or parts), new in 1984, has been expanded for 1985 to include rail maintenance (see Appendix III).
9. An increase of \$4.5 million is proposed for structure painting in order to get this program closer to the desired 10-year cycle.

In non-operational "staff" areas, there are also a number of changes proposed:

1. In order to better communicate with the public, two positions are proposed for Public Affairs to begin a marketing function, and a modest amount is proposed for advertising. Two related positions are proposed for Operations Planning in order to create public timetables for those routes where low service frequencies would make them most beneficial. Also, a Community Relations Coordinator is proposed to further expand the new community relations function.
2. Ten additional Internal Auditors are proposed in order to strengthen the audit function.
3. Eight additional positions are proposed for the Datacenter due to the increased usage of the new Sperry computer, additional and enhanced systems being implemented on the IBM computer, and continuation of new systems development projects.
4. An Industrial Hygiene Specialist is proposed for the Safety Department because of the added workload that will be created by the new Illinois Toxic Substances Disclosure to Employee Act ("Right to Know" Law).
5. Five additional positions are proposed for Financial Services. Two of these are primarily chargeable to capital funds and are necessary to install and operate a computerized property accounting system to comply with federal grant accounting regulations, and to handle the more extensive and detailed reporting

required by the State of Illinois and other funding agencies. The remaining three positions are related to the updating, improvement and possible automation of various financial procedures and systems, and for added financial analysis capabilities.

6. Nine additional positions are proposed for Human Resources in order to reinstitute a program of Transit Professional Trainees and Cooperative Student Interns.
7. Other additional staff are proposed in the areas of budget program analysis, office automation, intergovernmental affairs, records management and vendor performance monitoring.

KEY BUDGET ASSUMPTIONS

In developing a budget estimate, many assumptions must be made regarding such factors as future economic conditions, timing of program changes and cost and ridership trends. Following are the key assumptions used in developing the Proposed 1985 Budget:

1. Inflation. The consensus of economic forecasters seems to be that inflation will be about 6% in 1985 (See Appendix VI). We have therefore used 6% as our inflation estimate.
2. Fares. We have assumed that fare levels will remain stable in 1985.
3. System-Generated Revenue. We have used RTA's estimate of system-generated revenue (to do otherwise would alter either the revenue recovery ratio or the public funding amount). RTA's estimate presumes an increase of .4% in 1985, virtually unchanged from 1984 (after eliminating the one-time CUTD revenue item). We believe this estimate is reasonable.
4. Wage Rates. As mentioned previously, we have assumed for purposes of the Proposed Budget that wage rates will be frozen at the expiration of the current labor contract.
5. Pension Contribution. We have included the cost of the full CTA pension contribution (13%) as required by the December 19, 1983 amendment to the CTA Retirement Plan.

1984
BUDGET PERFORMANCE

Operating Expenses

Operating Expenses for 1984 are projected to be \$546.6 million. This is \$13.9 million or 2.5% under budget and is in large part due to lower than anticipated inflation and fewer hours worked than budgeted. Details are provided below.

Labor

Labor is projected at \$416.7 million, an \$11.8 million, or 2.8%, favorable variance. A key reason is the very favorable trend in inflation as measured by the Consumer Price Index (Chicago's August 1984 CPI was only 1.3% over August 1983, whereas 5% was assumed in the Budget). In addition to the favorable rate resulting from the lower CPI, a favorable hours variance is also projected. This is due in part to a tightening of service schedules, and in part to less overtime than was budgeted.

Material

Material is projected at \$42.9 million, \$1.2 million or 2.7% under budget. Lower than expected inflation appears to be the primary factor.

Fuel--Revenue Equipment

Expenditures for diesel fuel are projected to be \$22.4 million, \$0.2 million or less than 1% under budget. Use of the cheaper #2 diesel fuel has continued, with #2 being used exclusively in the warmer months, and a blend of #1 and #2 in the winter.

Electric Power--Revenue Equipment

Electric Power for revenue equipment is projected to be \$19.0 million, \$1.0 million or 5.6% over budget. A major cause appears to be the cost-of-fuel adjustment factor which has been quite sporadic over the past year.

Provision for Injuries and Damages

The Provision for Injuries and Damages is the amount set aside for the payment of expenses from accident claims. The 1984 Budget for this item was \$11.0 million, and the amount accrued as expense is the same as the amount budgeted. However, again this year the provision is less than the expected actual expenditure. It is estimated that actual claims-related expenses will be about \$12.9 million in 1984.

All Other Expenses

Expenditures in this category are projected at \$34.6 million, \$1.7 million or 4.7% under budget. Part of this is due to favorable inflation rates, and part to under-expensed repair contracts, particularly the chassis repair contract that had to be relet to a new contractor in mid-year.

System-Generated Revenue

System-Generated Revenue for 1984 is projected to be \$299.0 million, \$6.8 million or 2.3% over the 1984 Budget of \$292.2 million. This variance is detailed below.

Fares and Monthly Passes

Fares and Monthly Passes are projected at \$270.5 million, \$6.1 million or 2.3% over budget for the year (per 8th Period year-to-date actual variance). The 1984 Budget assumed that an improving economy would increase fare revenue over 1983. However, the higher employment/lower unemployment in the area has increased ridership and revenues even more than expected.

Charter Service

Charter Service revenue is projected at \$574,000, or \$76,000 under the budget. The primary reason is that sufficient vehicles have not been available for charter service.

Advertising and Concessions

Advertising and Concession revenue is projected at \$2.9 million, \$0.2 million or 7.4% over budget. Advertising receipts have been running in excess of the minimum guarantee, probably due to the improving economy.

Investment Income

Investment Income is projected at \$3.0 million, which is twice the budget of \$1.5 million. This is due to the fact that investment balances have been larger than expected because of improved cash flow from the RTA. Also, interest rates have remained higher than expected.

Contributions from Local Governmental Units

Contributions from the City of Chicago, Cook County and Chicago Urban Transportation District (CUTD) are projected at \$16.7 million, just under the \$16.9 million budgeted. The difference is due to a reserve for liabilities established in relation to the funds from CUTD.

All Other Revenue

All Other Revenue is projected at \$5.2 million, \$0.9 million or 14.8% under the 1984 Budget of \$6.1 million. The variance is chiefly due to the fact that leveraged leasing is projected to produce less revenue than expected because the number of new vehicles to be received in 1984 is below initial estimates.

1985 PROPOSED BUDGET vs. 1984 PROJECTED RESULTS

Operating Expenses

The 1985 Proposed Budget for Operating Expenses is \$634.0 million. This represents an increase of \$87.4 million or 16.0% over the projected 1984 results.

Labor

Labor costs are estimated to be \$480.6 million which represents an increase of \$63.9 million or 15.3% over projected 1984 results. The major factor in this increase is the pension expense. The December, 1983 amendment to the Retirement Plan continued the moratorium on pension contributions through November, 1984. The 1985 Budget assumes that the pension contribution returns to a full 13% of gross pay in December, 1984. In 1985, the pension will account for \$44.2 million, an increase of almost \$41 million over 1984. Expansion of service in 1984, including the opening of the O'Hare station on the O'Hare extension, will also increase 1985 labor costs over 1984, as will the addition of the proposed new positions.

Material

Material costs are estimated to be \$47.1 million, an increase of \$4.2 million or 9.8%. Estimated inflation of 6% accounts for the major part of the increase. Stocking parts for the new rail cars will also increase expenditures by about \$.4 million in 1985.

Fuel--Revenue Equipment

Diesel Fuel is estimated to cost \$23.9 million or 6.7% more than projected 1984. The average price is estimated at \$.881 per gallon which assumes the continued use of #2 diesel for most of the year and a blend of #1 and #2 in the colder months.

Electric Power--Revenue Equipment

Traction Power is estimated to be \$21.5 million for 1985. This represents an increase of \$2.5 million or 13.2%. This increase is due primarily to the full annualization of the July, 1984 rate increase, and an estimated 9% rate increase in February, 1985 (Commonwealth Edison has requested 14%). A small part of the increase is due to the operation of the entire O'Hare extension for a full year.

Provision for Injuries and Damages

The 1985 Budget estimate is \$15.5 million, a \$4.5 million increase from 1984's \$11.0 million. External auditors have called for a significant increase in this item to establish necessary reserves for projected claims expenses. (These reserves have been reduced significantly in the past few years due to budget constraints.)

All Other Expenses

Expenses for utilities, contract services, outside maintenance and other expenses are estimated to be \$45.4 million, an increase of \$10.8 million or 31.2%. This includes a general 6% inflation allowance, a \$4.5 million increase for structure painting, and a full amount for bus chassis rebuilding (reduced in 1984).

System-Generated Revenue

The 1985 Proposed Budget for System-Generated Revenue is \$288.3 million. This represents a decrease of \$10.7 million or 3.6% under projected 1984 results. The major part of this reduction is due to the change in CUDT funding which is outlined below.

Fares and Monthly Passes

The 1985 Proposed Budget is \$270.7 million, essentially equal to the 1984 projected results of \$270.5 million. This revenue projection assumes that fares and ridership will continue at their present levels.

Charter Services

The 1985 Proposed Budget is \$575,000 which is the same as the 1984 projection. Revenue from charter services is limited by the availability of buses.

Advertising & Concessions

The 1985 Proposed Budget is estimated at \$3.1 million, \$.2 million or 6.9% more than the 1984 projected results. The major reason for the increase is that the contract with TDI/Winston is expected to exceed the current minimum guarantee due to the additional advertising space at the new O'Hare stations.

Investment Income

The 1985 Proposed Budget is \$3.1 million, approximately equal to the projected 1984 results. This assumes that the cash flow from funding agencies will continue at the present pace which will enable CTA to continue to take advantage of short-term investment opportunities.

Contributions from Local Governmental Units

The 1985 Proposed Budget of \$5.0 million is a reduction of \$11.7 million from the 1984 projection. This is a result of the fact that in 1984 the CTA received a one-time contribution of \$11.7 million from CUTD. Funding from the City of Chicago and Cook County is expected to continue at present levels.

All Other Revenue

The 1985 Proposed Budget is \$5.8 million, \$0.6 million or 11.5% more than the projected 1984 results. The main reason for this is that the price of student riding cards is proposed for an increase from \$2.00 to \$5.00 in 1985, the first increase in more than 20 years.



II. Operating Budget Data

CHICAGO TRANSIT AUTHORITY
SUMMARY OF 1985 PUBLIC FUNDING

(000s Omitted)

	<u>Proposed 1985</u>	
	CTA Fiscal Year (1) <u>(364 days)</u>	RTA Fiscal Year (1) <u>(365 days)</u>
<u>OPERATING</u>		
Total Operating Expenses	\$633,970	\$635,712
System-Generated Revenues	288,308	289,100
Farebox Carryover (1984)	12,847	12,882
Total Revenue	<u>301,155</u>	<u>301,982</u>
Public Funding Required for Operations	332,815	333,730
Public Funding Available for Operations (2)	<u>294,484</u>	<u>295,293</u>
Cost Reduction to be Achieved from Labor Contract or Service Levels	\$ <u>38,331</u>	\$ <u>38,437</u>
Recovery Ratio after Cost Reduction	50.56%	50.56%
<u>CAPITAL RELATED (RTA Funded)</u>		
Associated Capital Maintenance (Local Share)	-	\$ 1,400
Capital Expenditures (100% RTA Funded)(3)	-	14,248
Total Capital Related	-	\$ <u>15,648</u>

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- (1) CTA Fiscal Year is 52 weeks or 364 days. RTA Fiscal Year is 12 months or 365 days.
- (2) Per RTA. Excludes 1984 Farebox Carryover which is shown under Total Revenue.
- (3) See detailed list of these Capital Expenditures in Appendix IV. Note that these capital expenditures have reduced the 1985 operating budget by \$2.0 million.

CHICAGO TRANSIT AUTHORITY
SUMMARY OF EXPENSES, REVENUES AND PUBLIC FUNDING

(000s Omitted)

	CTA Fiscal Year		
	<u>1984 Budget</u>	<u>1984 Projected Results</u>	<u>1985 Proposed Budget</u>
<u>OPERATING EXPENSES</u>			
Labor	\$ 428,496	\$ 416,731	\$ 480,569
Material	44,119	42,891	47,121
Fuel--Revenue Equipment	22,634	22,394	23,918
Electric Power--Revenue Equipment	18,000	19,000	21,463
Provision for I & D	10,991	10,991	15,500
All Other Expenses	36,292	34,591	45,399
Total	<u>560,532</u>	<u>546,598</u>	<u>633,970</u>
<u>SYSTEM-GENERATED REVENUE</u>			
Fare Box and Monthly Passes	264,400	270,543	270,699
Charter Service	650	574	575
Advertising and Concessions	2,721	2,907	3,147
Investment Income	1,487	3,040	3,080
Contributions from Local Gov't Units	16,900	16,746	5,000
All Other Revenue	6,070	5,165	5,807
Total	<u>292,228</u>	<u>298,975</u>	<u>288,308</u>
<u>PUBLIC FUNDING</u>			
Public Funding Required for Operations	268,304	247,623	345,662
Less: 1984 Farebox Carryover	-	-	12,847
Total Required for Operations	<u>\$ 268,304</u>	<u>\$ 247,623</u>	<u>\$ 332,815</u>

Note: Not included above are amounts for capital related items.

SUMMARY OF "ALL OTHER EXPENSES"

<u>Category</u>	<u>1984 Budget</u>	<u>1984 Projected Results</u>	<u>1985 Proposed Budget</u>
Allowance-Tools & Passes	\$ (27,000)	\$ (23,622)	\$ (22,500)
Utilities	13,439,100	13,212,527	14,304,300
Maintenance & Repair	16,142,200	13,292,523	21,706,900
Advertising & Promotion	94,600	139,783	443,000
Other Services	6,336,700	7,085,126	8,005,300
Meetings & Travel	185,900	241,738	277,700
Training	107,000	106,887	215,800
Reimbursed Auto Expense	276,100	270,049	293,000
General Taxes	5,500	1,488	1,500
Leases & Rentals	5,770,300	5,900,122	5,412,800
General Expenses	851,200	816,390	903,200
Datacenter Expense--Allocation	8,129,100	8,139,178	8,393,700
Datacenter Expense--Credit	(8,195,100)	(8,193,688)	(8,398,200)
Casualty & Liability Losses	633,000	774,952	633,000
Corporate Insurance Premiums	149,100	149,101	150,000
Technical Studies Expense	130,000	126,026	132,000
Cost Allocation--Capital (Cr.)	(3,500,000)	(2,825,013)	(3,150,000)
Other Credits	(819,800)	(1,040,705)	(814,300)
Matl./Supplies & Damage Reserve (Cr.)	(3,416,400)	(4,374,801)	(4,163,500)
Fundable Interest Expense	-	793,219	1,075,500
Total All Other Expenses	<u>\$36,291,500</u>	<u>\$34,591,280</u>	<u>\$45,399,200</u>

DEPARTMENTAL BUDGET SUMMARY
1985 vs. 1984

(Operating Budget)

<u>Department</u>	<u>1984 Budget</u>	<u>1984 Projected</u>	<u>1985 Proposed</u>
<u>Board/Chairman/Exec. Director/Staff</u>			
CTA Board	\$ 288,900	\$ 299,897	\$ 338,500
Chairman	387,700	385,247	2,099,200
Internal Audit	588,000	454,270	938,100
General Attorney	7,821,800	8,263,822	6,940,100
Intergovernmental Affairs	-	-	227,300
Executive Director	288,800	266,972	314,700
Police Liaison	-	153,312	951,600
Budget	1,157,100	1,117,402	1,237,500
Public Affairs	1,272,200	1,152,869	1,601,000
Sub-Total	<u>11,804,500</u>	<u>12,093,791</u>	<u>14,648,000</u>
<u>Operations Division</u>			
Deputy Executive Director,			
Operations	950,679	440,180	452,500
Operations Admin. Services	1,516,577	1,596,560	2,156,300
Operations Comm. & Pwr. Control	2,784,467	2,760,248	3,359,600
Operations Trng. & Instruction	4,557,594	4,494,221	5,041,200
Transportation Personnel			
Scheduled Transp. Personnel	249,069,067	241,968,091	260,484,900
Transportation Office	13,606,839	13,591,320	14,767,000
Transportation Service	16,720,177	16,335,280	17,785,300
Sub-Total	<u>289,205,400</u>	<u>281,185,900</u>	<u>304,046,800</u>
<u>Engineering & Maintenance Division</u>			
Deputy Executive Director,			
Engineering & Maintenance	-	95,923	136,800
Eng. & Maint. Personnel Services	1,406,264	1,549,689	1,891,200
Eng. & Maint. Programs	582,394	505,599	639,300
Equip. Eng. & Maint.	151,839,859	147,130,664	161,521,100
Facil. Eng. & Maint.	90,096,483	87,525,226	102,321,400
Sub-Total	<u>243,925,000</u>	<u>236,807,101</u>	<u>266,509,800</u>
<u>Human Resources Division</u>			
Deputy Executive Director,			
Human Resources	110,300	150,841	151,900
Affirmative Action	201,900	240,930	258,900
Community Affairs	-	153,322	341,500
Management Services	7,352,600	7,339,880	7,696,000
Personnel Administration	1,858,300	1,544,474	1,972,700
Sub-Total	<u>9,523,100</u>	<u>9,429,447</u>	<u>10,421,000</u>
<u>Administration Division</u>			
Deputy Executive Director,			
Administration	158,900	163,168	176,200
Datacenter	8,195,100	8,193,688	8,397,700
Materials Management	8,089,600	8,581,906	8,825,400
Safety	737,400	735,146	858,900
Sub-Total	<u>17,181,000</u>	<u>17,673,908</u>	<u>18,258,200</u>

DEPARTMENTAL BUDGET SUMMARY
1985 vs. 1984

(Operating Budget)

Department	1984 Budget	1984 Projected	1985 Proposed
<u>Finance Division</u>			
Deputy Executive Director, Finance	\$ 192,700	\$ 301,599	\$ 316,200
Field Review	572,700	617,661	631,600
Financial Services	4,243,900	4,287,754	4,459,000
Insurance	1,409,200	1,573,425	1,488,100
Pensions	-	-	-
Treasury	6,061,500	5,902,583	7,462,800
Sub-Total	<u>12,480,000</u>	<u>12,683,022</u>	<u>14,357,700</u>
<u>Planning & Development Division</u>			
Deputy Executive Director,			
Planning & Development	-	136,553	203,700
Capital Development	479,600	446,617	644,700
Operations Planning	4,741,700	4,350,290	4,983,300
Strategic Planning	255,700	287,329	435,300
Sub-Total	<u>5,477,000</u>	<u>5,220,789</u>	<u>6,267,000</u>
Non-Departmental	<u>(29,065,000)</u>	<u>(28,496,702)</u>	<u>(538,900)</u>
Total CTA	<u>\$560,531,000</u>	<u>\$546,597,256</u>	<u>\$633,969,600</u>

DEPARTMENTAL BUDGET SUMMARY
1985 Line-Item

(Operating Budget)

Department	Labor	Material	Other	Total
<u>Board/Chairman/Exec. Director/Staff</u>				
CTA Board	\$ 284,600	\$ 2,100	\$ 51,800	\$ 338,500
Chairman	231,000	2,800	1,865,400	2,099,200
Internal Audit	929,100	2,300	6,700	938,100
General Attorney	5,928,800	57,100	954,200	6,940,100
Intergovernmental Affairs	156,700	1,500	69,100	227,300
Executive Director	273,300	5,000	36,400	314,700
Police Liaison	246,900	1,500	703,200	951,600
Budget	726,500	4,000	507,000	1,237,500
Public Affairs	1,124,200	18,900	457,900	1,601,000
Sub-Total	<u>9,901,100</u>	<u>95,200</u>	<u>4,651,700</u>	<u>14,648,000</u>
<u>Operations Division</u>				
Deputy Executive Director	174,700	2,100	275,700	452,500
Operations Admin. Services	2,016,100	15,200	125,000	2,156,300
Operations Comm. & Pwr. Control	3,095,400	28,200	236,000	3,359,600
Operations Trng. & Instruction	4,989,000	44,500	7,700	5,041,200
Transportation Personnel				
Scheduled Transp. Personnel	260,484,900	-	-	260,484,900
Transportation Office	14,211,200	348,500	207,300	14,767,000
Transportation Service	17,516,200	196,700	72,400	17,785,300
Sub-Total	<u>302,487,500</u>	<u>635,200</u>	<u>924,100</u>	<u>304,046,800</u>
<u>Engineering & Maintenance Division</u>				
Deputy Executive Director	129,500	1,500	5,800	136,800
Eng. & Maint. Personnel Services	1,788,400	73,300	29,500	1,891,200
Eng. & Maint. Programs	455,100	4,400	179,800	639,300
Equipment Eng. & Maint.	84,552,000	62,751,500	14,217,600	161,521,100
Facilities Eng. & Maint.	52,269,100	6,147,300	43,905,000	102,321,400
Sub-Total	<u>139,194,100</u>	<u>68,978,000</u>	<u>58,337,700</u>	<u>266,509,800</u>
<u>Human Resources Division</u>				
Deputy Executive Director	147,400	900	3,600	151,900
Affirmative Action	238,400	3,100	17,400	258,900
Community Affairs	298,500	5,000	38,000	341,500
Management Services	2,581,400	471,300	4,643,300	7,696,000
Personnel Administration	1,676,800	16,600	279,300	1,972,700
Sub-Total	<u>4,942,500</u>	<u>496,900</u>	<u>4,981,600</u>	<u>10,421,000</u>
<u>Administration Division</u>				
Deputy Executive Director	165,600	2,200	8,400	176,200
Datacenter	4,417,200	307,900	3,672,600	8,397,700
Materials Management	6,784,200	199,500	1,841,700	8,825,400
Safety	803,800	6,200	48,900	858,900
Sub-Total	<u>12,170,800</u>	<u>515,800</u>	<u>5,571,600</u>	<u>18,258,200</u>

DEPARTMENTAL BUDGET SUMMARY
1985 Line-Item

(Operating Budget)

<u>Department</u>	<u>Labor</u>	<u>Material</u>	<u>Other</u>	<u>Total</u>
<u>Finance Division</u>				
Deputy Executive Director	\$ 136,400	\$ 600	\$ 179,200	\$ 316,200
Field Review	580,900	600	50,100	631,600
Financial Services	3,217,400	14,200	1,227,400	4,459,000
Insurance	630,100	4,700	853,300	1,488,100
Pensions	-	-	-	-
Treasury	3,916,300	483,600	3,062,900	7,462,800
Sub-Total	<u>8,481,100</u>	<u>503,700</u>	<u>5,372,900</u>	<u>14,357,700</u>
<u>Planning & Development Division</u>				
Deputy Executive Director	197,100	2,600	4,000	203,700
Capital Development	570,100	2,700	71,900	644,700
Operations Planning	4,112,900	20,800	849,600	4,983,300
Strategic Planning	413,000	4,900	17,400	435,300
Sub-Total	<u>5,293,100</u>	<u>31,000</u>	<u>942,900</u>	<u>6,267,000</u>
Non-Departmental	(1,901,400)	(217,300)	1,579,800	(538,900)
Total CTA	<u>\$480,568,800</u>	<u>\$71,038,500</u>	<u>\$82,362,300</u>	<u>\$633,969,600</u>

DEPARTMENTAL POSITION SUMMARY
1985 vs. 1984

Department	1984 Budgeted Positions	1985 Proposed Budgeted Positions
<u>Board/Chairman/Exec. Director/Staff</u>		
CTA Board	9	9
Chairman	7	4
Internal Audit	14	24
General Attorney	138	140
Intergovernmental Affairs	-	4
Executive Director	5	5
Police Liaison	2	5
Budget	12	16
Public Affairs	26	27
Sub-Total	<u>213</u>	<u>234</u>
<u>Operations Division</u>		
Deputy Executive Director, Operations	3	3
Operations Admin. Services	42	56
Operations Comm. & Pwr. Control	57	62
Operations Trng. & Instruction	106	108
Transportation Personnel		
Scheduled Transp. Personnel*	7,012	6,987
Transportation Office	314	316
Transportation Service	361	361
Sub-Total	<u>7,895</u>	<u>7,893</u>
<u>Engineering & Maintenance Division</u>		
Deputy Executive Director, Engineering & Maintenance	2	2
Eng. & Maint. Personnel Services	40	43
Eng. & Maint. Programs	11	14
Equip. Eng. & Maint.	2,175	2,219
Facil. Eng. & Maint.	1,448	1,478
Sub-Total	<u>3,676</u>	<u>3,756</u>
<u>Human Resources Division</u>		
Deputy Executive Director, Human Resources	2	3
Affirmative Action	7	7
Community Affairs	3	8
Management Services	65	69
Personnel Administration	35	46
Sub-Total	<u>112</u>	<u>133</u>
<u>Administration Division</u>		
Deputy Executive Director, Administration	3	3
Datacenter	103	112
Materials Management	158	162
Safety	18	19
Sub-Total	<u>282</u>	<u>296</u>

DEPARTMENTAL POSITION SUMMARY
1985 vs. 1984

<u>Department</u>	<u>1984 Budgeted Positions</u>	<u>1985 Proposed Budgeted Positions</u>
<u>Finance Division</u>		
Deputy Executive Director, Finance	2	2
Field Review	15	15
Financial Services	94	99
Insurance	16	16
Pensions	12	13
Treasury	95	102
Sub-Total	<u>234</u>	<u>247</u>
<u>Planning & Development Division</u>		
Deputy Executive Director, Planning & Development	4	4
Capital Development	25	26
Operations Planning	111	110
Strategic Planning	4	10
Sub-Total	<u>144</u>	<u>150</u>
Total CTA Positions	12,556	12,709**
Less: Scheduled Transp. Personnel (STP)*	<u>7,012</u>	<u>6,987</u>
Total Non-STP Positions	<u>5,544</u>	<u>5,722</u>

* Scheduled Transportation positions are based on hours equivalency.

** The equivalent of approximately 350 of these positions are funded by non-operating sources (capital program, etc.).

III. Capital Budget

CAPITAL BUDGET HIGHLIGHTS

CTA's normal capital program process results in approved capital grants against which funds can then be spent. Funding is primarily provided by the federal and state governments. The 1985 Capital Budget which follows indicates estimated 1985 (CTA FY) expenditures under each federal grant contract. As this is being prepared, the federal government's (UMTA's) funding decisions for federal fiscal year 1984 (October, 1983 - September, 1984) have not been made. However, this material assumes full approval of CTA's request for UMTA FY 1984 funds. (This capital budget is separate from the special, 100% RTA funded capital items that are being requested for 1984/1985 and which are detailed in Appendix IV.)

I. CTA Capital Grants

Receive up to 363 new buses.

Purchase of "Associated Capital Maintenance Items" for Bus Vehicle Maintenance.

Begin rehabilitation of Archer Garage.

Complete design for new North Avenue Garage.

Complete design for new Storeroom at South Shops.

Continue implementation of computerized fuel-monitoring system at garages.

Continue construction of new garage at 103rd and Stony Island.

Continue installation of bus passenger shelters.

Receive and place in service approximately 120 new RT cars, retiring a like number of old cars.

Upgrade air conditioning in 2000 series RT cars (176 cars).

Purchase of "Associated Capital Maintenance Items" for Rail Vehicle Maintenance.

Continue rehabilitation of 45 RT cars (5-50 series).

Begin rehabilitation of RT stations at Pulaski (Douglas), Harvard, Howard, Sedgwick, 43rd.

Begin construction of elevators at Adams/Jackson Station in Dearborn Subway.

Complete design for RT station rehabilitation at Clark/Lake, Quincy/Wells, Washington/Wells.

Begin design for upgrading lighting at 19 RT stations.

Begin design for RT station rehabilitation at Wilson, 40th and Indiana, Western (Milwaukee), 58th, Garfield, 18th.

Begin rehabilitation of platform canopies at RT stations on Dan Ryan and Kennedy lines.

Begin rehabilitation of Kimball Yard (Ravenswood).

Continue rehabilitation of 61st Yard (South Side Elevated).

Continue system-wide renewal of track and structure at numerous locations.

Continue implementation of modern bus revenue collection system.

II. Inter-Agency Agreements

Continue reconstruction of Howard Yard.

Install crossovers needed for Addison Station reconstruction.

Continue structural rehabilitation of Loop Elevated.

Provide support engineering for City of Chicago work on Howard/Dan Ryan Project, Loop Elevated Rehabilitation, Subway Renovation, Southwest Transit Project and Jackson Park Transit Improvement project.

Provide support engineering for City of Evanston, for proposed Transportation Center at Davis Street.

III. Planning and Technical Studies

Prepare UMTA required Maintenance plans.

Analyze environmental issues surrounding offsite facilities for Kedzie Garage, provision of employee parking at South Shops and replacement of 69th Garage.

Continue planning to meet the needs of the disabled.

Complete first phase of multi-year Strategic Planning analysis.

Define future capital projects and programs.

Define a program for RT Car Maintenance to achieve improved car availability and reduce costs.

Participate in World's Fair planning.

CAPITAL BUDGET
1985 GRANT BUDGET SUMMARY

<u>Program</u>	<u>Grant Name</u>	<u>1985 Budget</u>
Phase I	IL-03-0024	\$ 105,000
Phase II	IL-03-0040	2,039,100
Phase III	IL-03-0062	10,623,750
Phase IV	IL-03-0066	2,416,050
RT Cars	IL-03-0068	30,553,193
Phase V	IL-03-0084	11,092,200
FY '81 Sec. 3 Bus	IL-03-0086	2,329,500
FY '82 Sec. 3 Bus	IL-03-0094	37,508,678
Phase VI	IL-03-0095	2,100,000
Phase VII	IL-03-0099	504,000
3(A)(1)(C)	IL-03-0103	189,000
Rail Rolling Stock	IL-03-0108	661,500
Bus	IL-03-0109	2,100,000
Rail - Buildings	IL-03-0110	3,702,300
Rail - Track & Structures	IL-03-0111	19,199,250
Section 5 Bus	IL-05-0017	5,535,600
103rd/Stony Island - Sec. 5	IL-05-0020	9,450,000
FY '81 Sec. 5 Bus	IL-05-0027	1,152,875
FY '82 Sec. 5 Bus	IL-05-0037	16,241,800
IST Winterization	IL-23-9001	3,397,800
IST City	IL-23-9007	588,000
IST Security	IL-23-9009	630,000
FY '83 Sec. 9	IL-90-0006	12,825,650
Section 9	IL-90-0036	46,266,450
Sub-Total		<u>221,211,696</u>
Inter-Agency Agreements		32,335,000
Section 9 Planning		369,000
Section 8 Technical Studies		<u>630,000</u>
Sub-Total		<u>33,334,000</u>
Total		<u>\$254,545,696</u>

Note: See Appendix IV for proposed 100% RTA funded capital expenditures.

FINANCIAL PLAN 1986-87

FINANCIAL PLAN 1986-87

As part of the amendment to the RTA Act in November, 1983, the CTA and other Service Boards are now required to submit to RTA by November 15th of each year, a Two-Year Financial Plan in addition to the Annual Budget. When combined with the Annual Budget, this, in effect, provides a three-year financial projection.

The following chart attempts to provide a reasonable projection based on known factors and realistic assumptions. As such, it provides a framework for future policy discussions and decisions by the CTA and RTA Boards.

The Proposed 1985 Budget (Column 3) is based on the revenue recovery ratio requirement and public funding amount that RTA indicated for CTA per the RTA Act, as amended (RTA Fiscal Year). Assuming no fare increase, these limits will require CTA to cut \$38.4 million from its projected level of need in order to meet the "allowable" Operating Expense total of \$597.3 million shown. For 1986 and 1987, we have simply assumed that overall expenses will increase over 1985's "allowable" level at the estimated rate of inflation, or 6% per year.

On the revenue side we have assumed stable fare and ridership/revenue levels. By then subtracting the projected revenue from the projected expenses, a public funding requirement is determined. When this is compared to the amount of public funding indicated by RTA to be available in 1986 and 1987, it can be seen that a shortfall results. This shortfall would presumably have to be eliminated by reductions in operating expenses, increases in revenues or public funding, or a combination of these.

Two particular items should be noted in connection with these Financial Plan projections:

1. It must be realized that CTA's current labor agreements expire on November 30, 1984 and that the renegotiation of these contracts will have important consequences for any projections for 1986-87.
2. The projections do not include any amounts for capital related items such as Associated Capital Maintenance or RTA funded capital expenditures.

CHICAGO TRANSIT AUTHORITY
FINANCIAL PLAN (RTA FY)

(000's Omitted)

	Budget 1984	Projected 1984	Proposed 1985 Budget	Financial Plan 1986	1987
<u>Operating Expenses</u>					
Labor	\$428,496	\$419,021	\$	\$	\$
Material	44,119	43,127			
Fuel	22,634	22,517			
Power	18,000	19,104			
Provision for I & D	10,991	11,051			
All Other	36,292	34,781			
Total	<u>560,532</u>	<u>549,601</u>	<u>597,275(a)</u>	<u>633,112</u>	<u>671,099</u>
<u>System-Generated Revenue</u>					
Fares & Monthly Passes	264,400	272,030	271,443	271,443	
Contributions--					
Local Gov't's.	16,900	16,838	5,000	5,000	5,000
All Other	10,928	11,750	12,657	12,657	12,657
Total	<u>292,228</u>	<u>300,618</u>	<u>289,100</u>	<u>289,100</u>	<u>289,100</u>
Public Funding Req'd. for Operations	268,304	248,983	308,175	344,012	381,999
Public Funding Available	<u>\$268,304(b)</u>	<u>\$248,983</u>	<u>\$308,175(b)(c)</u>	<u>324,945</u>	<u>341,241</u>
Surplus (Shortfall) (d)	-	-	-	<u>\$ (19,067)</u>	<u>\$ (40,758)</u>

See Notes on Next Page.

CHICAGO TRANSIT AUTHORITY
FINANCIAL PLAN (RTA FY)

(Con't).

General Notes

1. All years are expressed as RTA Fiscal Years (365 days vs. CTA's 364 days, except for RTA FY 1984 which is 366 days).
2. CTA's Public Funding needs do not include any capital related costs.
3. 1986 and 1987 expenses are increased at the estimated rate of inflation (6%).
4. It should be noted that the outcome of CTA's 1984 Labor Contract negotiation will have important impacts on the actual 1986-87 needs.

Footnotes

- a. These are the maximum expenses allowed per RTA's proposed recovery ratio and Public Funding Available. (If the expenses were higher than this, then either the Public Funding and System-Generated Revenue would have to be increased, or the recovery ratio lowered.) This will require a \$38.4 million cut from CTA's projected need.
- b. Excludes \$1.4 million designated for Associated Capital Maintenance and Unanticipated Capital Expenditures.
- c. Includes \$12.9 million in farebox carryover from 1984.
- d. The projected shortfall would have to be made up by cutting expenses, increasing system-generated revenue or public funding, or a combination of these.

APPENDICES

CHICAGO TRANSIT AUTHORITY
1983 AND 1984 EXPENSE REDUCTIONS
and
SUMMARY OF FINANCIAL ACCOMPLISHMENTS 1980-1984*

The RTA legislation last year provided the Chicago region additional public funding from the State. In RTA's fiscal 1984, it is expected that RTA will receive new State operating assistance of \$95 million. However, before CTA could be eligible to share in the receipt of that money, CTA was statutorily required to limit its public funding for the State fiscal 1984 (July 1 to June 30) to \$267 million. At the time this legislation was being developed, it was recognized that CTA would have to cut its expenses by \$36 million in order to meet this limit. In fact, by the time CTA passed its calendar year 1984 Budget in December, 1983, it was estimated that due to additional budgetary savings plus the availability of new, one-time revenue from the Chicago Urban Transportation District, CTA would only need \$255 million in State Fiscal 1984 (see Attachment A). Continued spending restraint (coupled with some favorable economic conditions) resulted in an actual public funding requirement at the end of State fiscal 1984 of only \$239.7 million, or \$27.3 million less than the statutory mandate (see Attachment B). This achievement is another milestone in CTA's constant effort over the last four years to minimize costs and maximize revenue thereby saving the Chicago region and the State millions of dollars in public funding.

The \$267 million statutory requirement was initially proposed in state legislation in June of 1983 (see House Bill 1805 as adopted by the House on June 30, 1983). That legislation also required CTA to obtain by January 1, 1985 "the forgiveness, modification or discharge" of CTA's 1981 \$33 million pension liability. The bill imposed a further requirement on the region that it recover 50% of its expenses from system generated revenues. Anticipating that the legislation would become law, CTA geared its 1984 budget process to meet the proposed statutory requirements. The following actions were independently taken by CTA and its employees to achieve the necessary budgetary results:

\$65.1 Million Pension Contribution Moratorium Savings

During the fall of 1983 CTA and its unions negotiated an agreement forgiving the Authority of its obligation to make a currently estimated \$65.1 million contribution to the CTA Retirement Plan for the period of June 1, 1983 to November 30, 1984. This is in addition to the \$62.2 million of actual savings achieved under a similar 1982 pension agreement for the period of December 14, 1981 to May 31, 1983. The actual savings for State Fiscal 1984 was \$44.1 million. The Fall, 1983 agreement also "modified" CTA's 1981 pension liability note, as statutorily required, by deferring payment until the start of 36 monthly installments beginning in January, 1985.

* Prepared by CTA Intergovernmental Affairs for use with State and Federal Legislative bodies.

\$5 Million Reduction in Labor Hours for State Fiscal 1984

Through budgetary controls, innovative management techniques and tightening of service operations, CTA is continually striving to maximize the efficiency of its labor force. During State Fiscal 1984 such actions reduced operating hours below budget thereby producing \$5 million of savings.

Through these actions plus a \$7.4 million labor expense reduction due to a favorable inflation rate and \$6.8 million of other savings in material, fuel and maintenance expenditures, CTA achieved a total expense reduction of \$63.3 million for State Fiscal 1984.* It is significant to note that at least \$49.1 million (pension contribution and operating hours savings) or 78% of that total was achieved through actions initiated by CTA and its unions.

Including the 1983 and 1984 expense savings, CTA has achieved since 1980 an impressive list of financial actions and accomplishments. Briefly, the list includes the following:

- o The 1980 arbitration award, reducing the union's automatic cost-of-living formula adjustment, is estimated to produce \$139.8 million in savings by the end of the current contract.
- o In 1981 basic fare levels were increased by 50%. This is producing approximately \$55 million in new fare revenues each year. CTA fares have been and continue to be among the highest in the nation.
- o During 1981 and 1982 service levels were reduced by almost 8%.
- o Between the end of 1980 and the end of 1983 CTA's employment level was reduced by 1,364 or 10.1%. The administrative staff has been cut by 26%.
- o The 1982 and 1983 pension agreements are estimated to produce a combined savings of \$127.3 million.

* The original \$36 million in savings plus the \$27.3 million favorable variance under the \$267 million limit.

- o The combination of expense reductions and revenue increases has increased CTA's system generated revenue recovery ratio from 42% in 1980 to 53% by the end of 1983, a level which is among the highest in the nation for comparable transit systems. CTA's recovery ratio for the first six months of this year was 56%, 4 percentage points above the budget.
- o Most importantly, CTA's future public funding requirement has been reduced by almost \$110 million per year. Since 1980, CTA's percentage share of RTA's total public funding has dropped by 12% while the shares for Commuter Rail and Suburban Bus have gone up by 30% and 43% respectively. CTA's projected 1984 public funding requirement is \$249 million or \$50 million less than CTA's 1980 public funding requirement of \$298.6 million, in spite of four years of inflation.

The actions taken to achieve these financial results are important in terms of operating with a balanced budget. However, the service reductions and fare increases greatly contributed to a significant drop in ridership of 12%. Furthermore, many of the cost savings and revenue increases are of only a temporary nature. The contractually required reinstatement of pension contributions and payment of interest on the deferred 1981 pension liability note will add approximately \$40 million to CTA's expenses next year. The loss of almost \$12 million in one-time revenue from the Chicago Urban Transportation District coupled with the expense rise will make it very difficult for CTA to achieve a revenue recovery ratio higher than 50%. CTA, however, intends to make more cost reductions through continued prudent fiscal and operational management and thereby meet next year's budgetary requirements.

Attachment A

PROJECTED CTA PUBLIC FUNDING REQUIREMENT
STATE FY 1984

(Millions)

	State FY 1984 (Jul.83-Jun.84)		
	<u>1st Half</u>	<u>Last Half</u>	<u>Total</u>
<u>Operating Expenses</u>			
Labor	\$194.6	\$211.0	\$405.6
Material	21.7	21.6	43.3
Fuel	11.0	11.3	22.3
Power	8.1	8.8	16.9
Provision for I & D	1.5	5.5	7.0
All Other Expenses	<u>23.1</u>	<u>16.5</u>	<u>39.6</u>
Total Operating	<u>260.0</u>	<u>274.7</u>	<u>534.7</u>
<u>System-Generated Revenue</u>			
Farebox and Passes	129.8	132.2	262.0
Other	<u>5.7</u>	<u>11.9</u>	<u>17.6</u>
Total System-Generated	<u>135.5</u>	<u>144.1</u>	<u>279.6</u>
<u>Public Funding</u>			
Public Funding for Operations	124.5	130.6	255.1
Capital Related	<u>-</u>	<u>.7</u>	<u>.7</u>
Total Public Funding	<u>\$124.5</u>	<u>\$131.3</u>	<u>\$255.8</u>

Note: 1st half figures based on five periods actual and one period projected. Last half figures based on 1984 Budget as approved by CTA Board 12/21/83.

CHICAGO TRANSIT AUTHORITY
STATEMENT OF PUBLIC FUNDING REQUIREMENT
STATE FY 1984

(July 1, 1984 thru June 30, 1984)

	<u>Actual</u>
<u>Operating Expenses</u>	
Labor	\$400,036,766
Material	40,753,117
Fuel--Revenue Equipment	22,270,645
Electric Power--Revenue Equipment	18,177,453
Provision for Injuries & Damages	7,032,257
All Other Expenses	31,497,792
Total	<u>\$519,768,030</u>
<u>System-Generated Revenues</u>	
Farebox	\$217,458,843
Monthly Pass	48,760,749
Total Farebox Revenue	<u>\$266,219,592</u>
Charter Service	578,347
Advertising & Concessions	3,104,218
Investment Income	2,120,656
Contrib. from Local Gov't. Units	9,087,020
All Other Revenue	5,705,632
Total	<u>\$286,815,465</u>
<u>Public Funding Req'd. Operations</u>	\$232,952,565
Capital Related Expenditures	269,702
Interest on 1981 Pension Contribution	6,473,948
Total	<u>\$239,696,215</u>
Statutory Limit	<u>267,000,000</u>
Favorable Variance	\$ <u>27,303,785</u>

APPENDIX II

BUDGET DEVELOPMENT PROCESS AND SCHEDULE

Budgets are developed at CTA through both a "bottom-up" and "top-down" process. Basically, departments are asked to submit their budget requests or needs, and these are then reviewed against a projection of funding likely to be available from system-generated revenues and external sources.

In order to facilitate budget review and analysis, departments are initially asked to submit their goals and key programs or objectives for the following year, and to identify any significant changes proposed in staffing or dollars (Phase I). These are then screened and an initial determination is made as to what should be included in the next phase.

In Phase II, the departments estimate their specific, detailed staffing and dollar needs for the succeeding year based on current activity levels. Any Phase I changes are then added and the totals are reviewed against RTA funding marks. Further adjustments are then made where necessary and a proposed line-item budget is prepared for presentation to the CTA Board. Upon CTA Board approval and subsequent approval by RTA, the budget is allocated into accounting periods (Phase III), and this allocated budget is then used to monitor and control expenses throughout the year.

Following is the tentative schedule for preparation and adoption of the 1985 Budget:

SUMMARY
1985 BUDGET PREPARATION SCHEDULE

(Preliminary)

<u>Activity</u>	<u>Approximate Dates</u>	<u>Comments</u>
Phase I--departmental goals, problems, changes etc.	April 27-June 29	
Phase II--detailed requests by Budgeting Units.		
1. Preparation, compilation, analysis and executive review. Production of Proposed Budget documents. Note: Two Year Financial Plan must also be produced.	July 6-Oct. 11	RTA must advise re: recovery ratio and public funding by <u>9/15</u> .*
2. Release Proposed Budget and Financial Plan to Board, RTA, civic agencies.	Oct. 12	
3. Public Hearing and CTA Board review.	Oct. 22-Oct. 31	CTA required to meet with Cook County Board.
4. Produce Final Budget and Financial Plan documents.	Nov. 1-Nov. 14	
5. Adopt Budget and trans- mit Budget and Financial Plan to RTA.	by Nov. 15*	Union contract expires Nov. 30.
6. RTA Budget passage.	by Dec. 31	

* Legislated deadlines

APPENDIX III

1985 ASSOCIATED CAPITAL MAINTENANCE

The Associated Capital Program is a new (1984) federal program wherein certain high value vehicle parts or components are now considered eligible for 80 percent federal capital funding (UMTA). However, the Illinois Department of Transportation does not consider these as eligible for funding and will not provide the local share of 20 percent. The local share is therefore requested as public funding from RTA.

The proposed 1985 program is detailed below:

Bus - purchase 398 pcs. rebuilt 8V71 engines	\$2,140,000
purchase 850 pcs. rebuilt VS1 transmissions	2,635,000
purchase 250 pcs. rebuilt differentials	612,000
purchase 14 pcs. new 731 transmissions	215,000
Sub-Total	<u>\$5,602,000</u>
Rail - purchase 20 sets gear box, 2600 series	\$1,440,000
purchase 4 pcs. MA Controls, 2600 series	60,000
Sub-Total	<u>\$1,500,000</u>
Total	<u>\$7,102,000</u>
Local Share (20%) =	<u>\$1,420,400</u>

APPENDIX IV

PROPOSED 100% RTA FUNDED CAPITAL EXPENDITURES

In past years, CTA has been forced to pay for certain capital assets out of its operating budget because of its inability to get these items funded under the regular federal/state capital programs. This was usually because: 1) the urgency of the need precluded the wait that would have been necessary to gain funding approval through the normal federal/state grant process; 2) the items were not looked upon favorably for capital funding by either the federal or state programs; or, 3) the items simply did not make the funding list because of an excess of other needs. Instead, CTA had to lease or purchase these items out of its operating budget.

On the next page is a list of capital expenditures proposed for special 100% funding by RTA during 1984/1985. Such funding offers several benefits:

1. For items currently being leased or lease/purchased, significant savings occur because of the avoidance of financing costs;
2. To the extent these items are being paid (or would be paid) from the operating budget, they adversely impact CTA's (and RTA's) recovery ratio requirement; and,
3. Several of the items offer opportunities for future savings through productivity improvements (e.g. office automation equipment).

As can be seen from the attached list, the purchase cost of the capital items is estimated at \$14.2 million. The second column shows the cost if these items had to be funded from the operating budget instead (basically the lease or lease/purchase cost). The last column shows the specific financing cost savings that would be achieved by purchasing certain of the items which are currently under lease/purchase contract. As mentioned above, other potential savings exist. For example, we propose to purchase modular office furniture that would eliminate the need to rent some additional office space.

CAPITAL ITEMS FOR 100% RTA FUNDING

	<u>Capital Expense</u>	<u>1985 Operating Savings</u>	<u>Savings From Existing Lease/ Purchase Contract</u>
Install "openable" windows on air conditioned buses.	\$ 6,177,400	-	-
Purchase existing IBM computer equipment.	960,000	\$ 262,500	\$ 265,000
Purchase existing Memorex computer equipment.	1,250,000	240,000	350,000
Purchase existing Sperry computer equipment.	1,500,000	330,000	480,000
Purchase additional computer peripherals.	600,000	250,400	
Purchase Office Automation equipment and software (Including CAD/CAM).	1,230,000	150,000	
Purchase office furniture and modular workstations.	500,000	150,000	
Purchase Sperry upgrade.	640,000	-	
Purchase equipment for computer aided retrieval of microfilm.	80,000	80,000	
Purchase hand-held inventory taking system.	100,000	100,000	
Purchase two medical vans.	140,000	-	
Purchase service vehicles and test equipment.	201,000	90,000	
Purchase forklifts and tools.	65,000	40,000	
Purchase air-conditioning test equipment.	45,000	-	
Renovation of rental and operating facilities.	300,000	100,000	
Fencing at 79th Street.	35,000	35,000	
Construct quality assurance lab at Skokie.	15,000	15,000	
Major improvement at Skokie dock.	110,000	110,000	
Unanticipated capital expenses.	<u>300,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$14,248,400</u>	<u>\$ 1,952,900</u>	<u>\$ 1,095,000</u>

APPENDIX V

1984 Budget Transfers

(January, 1984 - September, 1984)

To			From			
Amount	Department	Line-Item	Amount	Department	Line-Item	Purpose
\$ 27,600	Facil. Eng. & Maint.	Maint. & Repair	\$ 27,600	Facil. Eng. & Maint.	Material	Overhauling a Kershaw Bridge and tie crane.
15,000	Equip. Eng. & Maint.	Training	15,000	Equip. Eng. & Maint.	Maint. & Repair	To provide funds for a Quality Circle Program.
37,600	Equip. Eng. & Maint.	Labor	37,600	Equip. Eng. & Maint.	Other Services	To shift to in-house drafting in the Technical Service Section.
4,500	Group Manager, Human Resources	Other Services	4,500	Personnel Admin.	Other Services	Professional Consulting Contract to help implement a newly realigned community relations function.
50,000	Datacenter	Training	50,000	Datacenter	Labor	To continue an internal Education Program which began in 1983.
67,000	Financial Services	Other Services	67,000	Scheduled Transportation Operations	Labor	To provide funds for consulting services necessary to convert and enhance the Rail Revenue System using the Sperry Computer.
10,000	CTA Board	General Expense	10,000	Chairman's Office	Other Services	Automobile rental and purchase of certain equipment.
19,500	Financial Services	Other Services	19,500	Scheduled Transportation Operations	Labor	To provide funding to cover professional consulting services to study and identify reimbursable administration costs.
60,000	Datacenter	Maint. & Repair	60,000	Datacenter	Leases & Rentals	To provide for a maintenance contract for a Xerox 9700 Laser Printer which is to be purchased with Capital Funds.
24,000	Treasury	Material	24,000	Scheduled Transportation Operations	Labor	To provide funds for the purchase of Rifkin safety sacks and security seals to be used for transporting rail revenue receipts.
15,000	Equip. Eng. & Maint.	Material & General Expense	15,000	Equip. Eng. & Maint.	Maint. & Repair	To cover the purchase of miscellaneous materials and awards associated with a Bus Maintenance Rodeo.
468,000	Equip. Eng. & Maint.	Material	468,000	Equip. Eng. & Maint.	Maint. & Repair	To provide funds for replacing 800 bus engine cylinder heads not originally budgeted.
15,000	Materials Management	Leases & Rentals	15,000	Materials Management	Labor	To provide funds for anticipated equipment rentals.

1984 Budget Transfers

(January, 1984 - September, 1984)

To			From			Purpose
Amount	Department	Line-Item	Amount	Department	Line-Item	
\$ 1,000	Chicago Transit Board	Other Services	\$ 1,000	Chicago Transit Board	Meetings/ Seminars	To provide funds for consultant services related to data processing and material control.
9,800	Equip. Eng. & Maint.	Material	9,800	Maint. & Repair		To provide funds for the purchase of three handheld portable radios.
7,900	Facil. Eng. & Maint.	Maint. & Repair	7,900	Facil. Eng. & Maint.	Material	To provide funds for reroofing of 51st St. Rail Terminal Station.
20,000	Treasury	Material	20,000	Scheduled Transportation Operations	Labor	To provide additional funds for the purchase of Rikfin safety sacks and security seals to be used for transporting rail revenue receipts.
5,000	Executive Director	Other Services	5,000	Scheduled Transportation Operations	Labor	To provide funds for a consulting contract for evaluating special services.
24,500	Affirmative Action	Other Services	24,500	Personnel Admin.	Other	To provide funds for a consulting contract to review the Affirmative Action Program of CTA and establish objective criteria for measuring program effectiveness.
24,500	Community Affairs	Other Services	24,500	Personnel Admin.	Other	To provide funds for a consulting contract to develop a community affairs brochure and audio-visual presentation.
5,000	Facil. Eng. & Maint.	Meetings & Travel	5,000	Facil. Eng. & Maint.	Other Services	To provide additional funds for business related travel.
6,600	Equip. Eng. & Maint.	Material	6,600	Equip. Eng. & Maint.	Maint. & Repair	To provide funds for the purchase of a table model metal disintegrator.
10,000	Police Liaison	Other Services	10,000	Scheduled Transportation Operations	Labor	For examinations to be performed by a security consultant.
12,000	Equip. Eng. & Maint.	Meetings & Travel	12,000	Equip. Eng. & Maint.	Maint. & Repair	To provide funds for unanticipated travel and related costs in conjunction with bus chassis repair inspections.
2,000	Capital Development	Meetings & Travel	2,000	Capital Development	Labor	To provide funds for unanticipated travel costs.
3,000	Eng. & Maint. Programs	Meetings & Travel	3,000	Eng. & Maint. Programs	Reimbursed Auto Expense	To allow for departmental travel for new department.

1984 Budget Transfers

(January, 1984 - September, 1984)

To			From			Purpose
Amount	Department	Line-Item	Amount	Department	Line-Item	
\$114,700	Deputy Executive Director, Finance	Other Services	\$114,700	Scheduled Transportation Operations	Labor	To provide funds for accounting consulting/auditing services for the 1983 Financial Audit and review of the 1984 Budget Process.
24,000	Facil. Eng. & Maint.	Maint. & Repair	24,000	Facil. Eng. & Maint.	Material	For the replacement of the boiler stack at the Wilson repair shop.
24,000	Datacenter	Other Services	24,000	Datacenter	Labor	To provide funds for consulting services associated with implementation of the Datacenter Information Center.
10,000	Public Affairs	Other Services	10,000	Public Affairs	Labor	To provide funds for the printing of the 0'Hare brochure by an outside printer.
50,000	Treasury	Other Services	50,000	Scheduled Transportation Operations	Labor	To provide funds for a consultant to evaluate the Treasury functions that relate to the collection of revenue.

APPENDIX VI

SELECTED INFLATION FORECASTS

<u>Source/Date</u>	<u>Projected Annual Inflation in CPI</u>	
	<u>1984</u>	<u>1985</u>
* U.S. Economic Outlook July, 1984	4.6%	5.4%
First Chicago August 6, 1984	4.4%	4.9%
Chase Econometrics May 4, 1984	4.7%	5.5%
* Data Resources, Inc.	4.7%	5.2%
* Merrill Lynch	5.9%	6.7%
Fortune Magazine's 18 Month Forecast July 9, 1984	5.5%	6.7%
* Citicorp Information Services	5.2%	6.8%
* UCLA Business Forecast	4.9%	5.8%
Average		5.9%

* National Association of Realtors July 1984, Eggert Economic Indicators, Blue Chip Economic Indicators May 10, 1984.

Source: Regional Transportation Authority

APPENDIX VII

CHICAGO TRANSIT AUTHORITY
SUMMARY OF PROJECTED CASH POSITION

(In Millions of Dollars)

	CTA Fiscal Year <u>1985</u>
Cash Position:	
Beginning Cash Balance	\$ <u>39.2</u>
Cash Receipts:	
RTA Assistance	307.3
Farebox (Inc. Passes)	270.5
Contributions - Local Governments	5.0
Capital & Study Grants	99.0
Other	<u>25.8</u>
Total Receipts	<u>707.6</u>
Cash Disbursements	<u>716.4</u>
Ending Cash Balance	\$ <u>30.4</u>

See Notes and Assumptions on next page.

CHICAGO TRANSIT AUTHORITY
SUMMARY OF PROJECTED CASH POSITION
NOTES & ASSUMPTIONS

Receipts

RTA Assistance	Based on receipt of amount shown in preliminary 1985 CTA Budget - Public Funding Required.
Farebox	Based on current ridership levels.
Capital & Study Grants	Based on estimated capital labor, material and other amounts in disbursements.
Other	Based on preliminary 1985 CTA Budget and flow-through items also appearing in disbursements.

Disbursements

Based on preliminary 1985 CTA budget.

APPENDIX VIII

CHICAGO TRANSIT AUTHORITY

TEN-YEAR FINANCIAL & STATISTICAL SUMMARY

(1976 - 1985)

(In Millions of Dollars, Passengers, Miles, and Trips Except Where Noted)

Page 1 of 3

Financial Data (a)	Proposed 1985 Budget	1984 (b) (Projected)	1983 (c) (52 Weeks)	1982	1981	1980	1979(d)	1978	1977 (52 Weeks)	1976
Operating Expenses:										
Labor	\$480.6	\$416.7	\$398.3*	\$374.3	\$418.0	\$400.9	\$352.8	\$300.3	\$270.1	\$248.0
Material	47.1	42.9	41.2	37.5	38.6	38.4	23.3	18.3	17.3	15.2
Fuel -- Revenue Equipment	23.9	22.4	22.0	25.7	29.5	26.0	16.8	11.3	11.1	9.7
Electric Power -- Revenue Equipment	21.5	19.0	16.6	14.2	12.7	11.1	8.5	7.6	6.4	5.8
Provision for Injuries & Damages	15.5	11.0	3.2	10.5	18.2	17.4	14.8	12.3	11.2	10.2
All Other Expenses	45.4	34.6	30.5	31.6	22.1	23.5	21.7	15.3	14.1	12.8
Total Operating Expenses	<u>634.0</u>	<u>546.6</u>	<u>511.8</u>	<u>493.8</u>	<u>539.1</u>	<u>514.3</u>	<u>437.9</u>	<u>365.1</u>	<u>330.2</u>	<u>301.7</u>
System-Generated Revenues:										
Fares/Passes	270.7	270.5	259.0	262.9	262.7	210.2	192.2	185.9	180.0	169.7
Other	17.6	28.5	10.0	8.5	6.7	6.5	4.7	4.9	4.3	4.4
Total System-Generated Revenues	<u>288.3</u>	<u>299.0</u>	<u>269.0</u>	<u>271.4</u>	<u>269.4</u>	<u>216.7</u>	<u>196.9</u>	<u>190.8</u>	<u>184.3</u>	<u>174.1</u>
Expenses Less Revenues	<u>345.7</u>	<u>247.6</u>	<u>242.8</u>	<u>222.4</u>	<u>269.7</u>	<u>297.6</u>	<u>241.0</u>	<u>174.3</u>	<u>145.9</u>	<u>127.6</u>
Debt Service & Other Costs:										
Revenue Bonds	-	-	-	17.8	0.8	0.8	0.8	14.9	1.6	1.6
Equipment Trust Certificates	-	-	-	-	-	-	-	-	0.1	1.7
Unanticipated Capital Expenditures	0.3	0.3	0.3	-	-	0.2	-	0.1	-	0.2
Associated Capital Maintenance	1.4	1.1	-	-	-	-	-	-	-	-
Interest on 1981 Pension Contribution	-	-	6.5	-	-	-	-	-	-	-
Total Debt Service & Other Costs	<u>1.7**</u>	<u>1.4</u>	<u>6.8</u>	<u>17.8</u>	<u>0.8</u>	<u>1.0</u>	<u>0.8</u>	<u>15.0</u>	<u>1.7</u>	<u>3.5</u>
Total Public Funding Required	<u>347.4</u>	<u>\$249.0</u>	<u>\$249.6</u>	<u>\$240.2</u>	<u>\$270.5</u>	<u>\$298.6</u>	<u>\$241.8</u>	<u>\$189.3</u>	<u>\$147.6</u>	<u>\$131.1</u>
1985 Public Funding Available	<u>309.0***</u>									
Required Reduction	<u>\$ 38.4</u>									

* \$15.6 million in pension expense eliminated per terms of labor agreement.

** In addition to these costs, CTA has applied for additional funding for 100% RTA Funded Capital Expenditures.

*** Assumes RTA will fund Associated Capital Maintenance and Unanticipated Capital as in past years. This figure includes \$12.9 million in "farebox carryover" from 1984 per RTA Act, as amended.

CHICAGO TRANSIT AUTHORITY

TEN-YEAR FINANCIAL & STATISTICAL SUMMARY

(1976 - 1985)

(In Millions of Dollars, Passengers, Miles, and Trips Except Where Noted)

Page 2 of 3

Statistical Data (a)	Proposed 1985 Budget	1984 (b) (Projected)	1983 (c) (52 Weeks)	1982	1981	1980	1979(d)	1978	1977 (52 Weeks)	1976
Passenger Trips (Unlinked):										
Bus (e)	484.2	482.2	464.5	467.1	492.6	537.7	560.9	545.9	518.9	523.5
Rail	152.4	151.6	146.9	147.0	150.2	155.4	148.3	150.4	141.4	149.2
Total	<u>636.6</u>	<u>633.8</u>	<u>611.4</u>	<u>614.1</u>	<u>642.8</u>	<u>693.1</u>	<u>709.2</u>	<u>696.3</u>	<u>660.3</u>	<u>672.7</u>
Revenue Vehicle Miles:										
Bus (e)	76.0	76.1	78.3	80.4	85.9	87.7	80.0	83.8	84.7	87.5
Rail	48.8	48.5	48.1	45.9	48.5	49.6	48.5	49.3	49.8	49.7
Total	<u>124.8</u>	<u>124.6</u>	<u>126.4</u>	<u>126.3</u>	<u>134.4</u>	<u>137.3</u>	<u>128.5</u>	<u>133.1</u>	<u>134.5</u>	<u>137.2</u>
Active Passenger Equipment:										
Buses (est.) (e)	2,317	2,317	2,317	2,298	2,442	2,420	2,420	2,400	2,400	2,400
Rail Cars (est.)	1,200	1,200	1,200	1,126	1,100	1,100	1,100	1,100	1,138	1,093
Total	<u>3,517</u>	<u>3,517</u>	<u>3,517</u>	<u>3,424</u>	<u>3,542</u>	<u>3,520</u>	<u>3,520</u>	<u>3,500</u>	<u>3,538</u>	<u>3,493</u>

CHICAGO TRANSIT AUTHORITY

TEN-YEAR FINANCIAL & STATISTICAL SUMMARY

(1976 - 1985)
(In Millions of Dollars, Passengers, Miles, and Trips Except Where Noted)
Page 3 of 3

	Proposed 1985 Budget	1984 (b) (Projected)	1983 (c) (52 Weeks)	1982	1981	1980	1979(d)	1978	1977 (52 Weeks)	1976
Rates of Fare at Year End:										
Full Fare	\$.90	\$.90	\$.90	\$.90	\$.90 (f)	\$.60	\$.60 (f)	\$.50	\$.50	\$.50 (f)
Children, Students & Elderly	\$.40	\$.40	\$.40	\$.40	\$.40	\$.25	\$.25	\$.25	\$.25	\$.25
Transfer Charge (g)	\$.10	\$.10	\$.10	\$.10	\$.10	\$.10	\$.10	\$.10	\$.10	\$.10
Number of Employees at Year End (thousands)	12.5	12.2	12.1	12.3	12.7	13.5	13.3	13.2	12.9	12.8
Labor Hours	22.6	22.1	21.9	21.8	23.4	24.1	23.9	23.2	22.9	23.1
Bus Operators Hourly Wage Rate at Year End	\$13.19 (h)	\$13.19 (h)	\$13.12	\$13.02	\$12.54	\$11.87	\$10.82	\$9.525	\$8.625	\$8.02
Consumer Price Index (i)	321.9	303.7	294.5	293.2	276.3	252.8	221.7	195.2	178.8	168.2

(a) Fiscal Years all based on 52-week years (364 days).

(b) O'Hare rapid transit extension completed in September, 1984.

(c) O'Hare rapid transit extension opened to River Road in February, 1983.

(d) Work Stoppage December 17 through December 20, 1979.

(e) Includes CTA's Special Service for the Disabled.

(f) Fare changes effective July 6, 1981, January 1, 1981, November 4, 1979, and September 5, 1976.

(g) Transfer Charge - 5¢ Elderly and Handicapped effective July 6, 1981.

- 10¢ Elderly and Handicapped effective July 6, 1981.

(h) It is assumed that wage rates will be frozen at the expiration of the current labor contract, November 30, 1984.

(i) October CPI which is used in calculating hourly wage rate at year end. However, automatic cost-of-living increases based on CPI will no longer apply after expiration of the current contract (November 30, 1984).

APPENDIX IX

Urban Mass Transportation Administration (UMTA) Section 15 Reporting System Comparative Performance Analysis

On page IX.2 comparative data from the UMTA Section 15 Reports are presented for the CTA and seven (7) "peer" transit agencies. In general, it can be seen that CTA compares quite favorably to the other agencies based on most of the performance indicators. This information is compiled from data for fiscal years ending between July 1, 1981 and June 30, 1982, and accordingly includes CTA fiscal year 1981. This is the latest period for which comparable national figures have been published.

Due care must be exercised in drawing conclusions from these comparisons inasmuch as all relevant information is not presented. A thorough evaluation would encompass more detailed examination of underlying factors to determine the extent to which apparent differences are due to unusual events during the period covered, unique aspects of the transit system's operating environment, specific management practices, etc.

The four-year summary of CTA performance indicators presented on page IX.3 is intended to aid in evaluating trends in performance, and is thought to be more meaningful than the examination of only one period. The explanations of the performance indicators on page IX.4 should be used in reviewing both of the charts.

Chicago Transit Authority
Comparative Data - Section 15 Report
For Fiscal Years Ending Between July 1, 1981 and June 30, 1982

ALL MODES	CTA (Chicago)	Peer Group Average	CTA Percent Better (Worse) Than Average	NYCTA (New York)						WMATA (Washington, DC)		MBTA (Boston)		SCTD (Los Angeles)		MUNI (San Francisco)		MARTA (Atlanta)	
				SEPTA (Philadelphia)		MTA (New York)		MTA (New York)		MTA (New York)		MTA (New York)		MTA (New York)		MTA (New York)		MTA (New York)	
Number of revenue vehicles	3,520	3,251	N/A																
Efficiency:																			
1. Cost per mile	\$ 4.17	\$ 4.84	13.8	\$ 5.36	\$ 4.71	\$ 4.43	\$ 6.28	\$ 3.38	\$ 48.39	\$ 6.90	\$ 2.81								
2. Cost per hour	\$ 55.72	\$ 59.04	5.6	\$ 65.87	\$ 50.67	\$ 57.86	\$ 93.53	\$ 48.39	\$ 48.39	\$ 48.11	\$ 48.83								
Effectiveness:																			
1. Cost per passenger	\$.83	\$.89	6.7	\$.87	\$.81	\$ 1.06	\$ 1.17	\$ 1.00	\$.55	\$.79									
2. Revenue per passenger	\$.41	\$.37	10.8	\$.46	\$.40	\$.46	\$.40	\$.46	\$.17	\$.26									
3. Recovery ratio	49.4%	41.3%	19.6	52.8%	49.0%	43.8%	34.2%	46.3%	30.3%	32.8%									
TRANSPORTATION																			
Efficiency:																			
1. Platform hours as % of pay hours	87.7%	82.1%	6.8	Unavail.	Unavail.	83.9%	84.7%	79.3%	Unavail.	80.3%									
2. Transportation employees as % of total employees	63.7%	57.4%	N/A	56.8%	51.6%	51.1%	54.5%	65.4%	62.7%	59.4%									
3. Hours of service per trans. employee	1,208	1,111	8.7	943	1,343	1,092	724	1,285	1,197	1,194									
4. Miles per vehicle	36,329	27,512	32.0	33,408	22,350	28,732	19,409	35,306	19,930	33,451									
5. Peak-to-base vehicle ratio	2.17	1.87	(16.0)	1.83	2.00	2.76	1.19	1.54	1.45	2.31									
6. Accidents per 100,000 miles	6.1	8.7	29.9	3.4	9.7	6.6	9.2	12.1	17.0	2.6									
Effectiveness:																			
1. Passengers per mile	5.0	5.9	(15.3)	6.3	6.1	4.8	5.9	3.9	10.5	4.0									
2. Passengers per hour	67.1	73.9	(9.2)	86.5	65.4	71.4	88.1	52.6	97.2	55.8									
3. Passengers per employee	51,674	46,143	12.0	46,394	45,293	39,879	34,759	44,202	72,902	39,570									
4. Passengers per capita	94.6	85.7	10.4	142.4	79.1	101.9	77.8	37.4	87.2	74.1									
MAINTENANCE																			
Efficiency:																			
1. Maintenance employees as % of total employees	29.5%	32.6%	N/A	33.9%	36.9%	37.2%	39.7%	24.6%	27.4%	28.7%									
2. Miles per maintenance employee	34,937	28,346	23.3	22,308	21,244	25,606	16,262	53,049	21,132	38,820									
3. Maintenance cost per mile	\$.78	\$ 1.00	22.0	\$ 1.12	\$.89	\$.98	\$ 1.24	\$.84	\$ 1.39	\$.55									
4. Peak vehicle requirements as % of total vehicles	81.8%	66.0%	23.9	72.6%	62.8%	74.8%	50.5%	64.1%	68.2%	69.1%									
Effectiveness:																			
1. Miles per maint.-related roadcall	6,421	2,035	215.5	2,023	1,394	2,266	2,421	3,536	71	2,517									

A81/27-30
September 27, 1984

1983 vs. 1980
% Increase
(Decrease)

ALL MODES

Number of revenue vehicles

FINANCIAL

Efficiency:

1. Cost per mile
2. Cost per hour

Effectiveness:

1. Cost per passenger
2. Revenue per passenger
3. Recovery ratio

TRANSPORTATION

Efficiency:

1. Platform hours as % of pay hours
2. Transportation employees as % of total employees
3. Hours of service per transportation employee
4. Miles per vehicle
5. Peak-to-base vehicle ratio
6. Accidents per 100,000 miles

Effectiveness:

1. Passengers per mile
2. Passengers per hour
3. Passengers per employee
4. Passengers per capita

MAINTENANCE

Efficiency:

1. Maintenance employees as % of total employees
2. Miles per maintenance employee
3. Maintenance cost per mile
4. Peak vehicle requirement as % of total vehicles

Effectiveness:

1. Miles per maintenance-related roadcall

* Changes in the method of reporting vehicle hours after 1980 distort the comparison of passengers per hour. The reported vehicle hours now correctly include schedule recovery time, resulting in an approximate 20% decrease in passengers per hour.

Note: In comparing dollar-based performance indicators, it should be realized that inflation increased by about 20% during 1980-1983.

FINANCIAL

EFFICIENCY*

1. Cost per mile--reflects relationship of basic input (money) to one unit of output.
2. Cost per hour--similar to cost per mile, but more meaningful because of significance of hourly paid labor.

TRANSPORTATION

1. Platform hours as a percent of pay hours**--reflects combined impact of contract provisions and scheduling function. Generally, the higher the percentage, the more efficient the operation.
2. Transportation employees as a percent of total employees--reflects relative distribution of labor by department.
3. Hours of service per transportation employee--reflects combined effect of above factors with impact of the nature of the service provided.
4. Miles per vehicle--reflects utilization of rolling stock.
5. Peak-to-base vehicle ratio***--reflects effect of service and scheduling policies. In general, a lower ratio is more efficient, though this is not always the case.
6. Accidents per 100,000 miles--reflects quality of training and discipline.

EFFECTIVENESS*

1. Cost per passenger--reflects relationship basic input (money) to consumption.
2. Revenue per passenger--reflects combined effect of service and fare policies.
3. Recovery ratio--reflects combined effect of cost controls, service, and fare policies.

* "Efficiency" vs "Effectiveness": "Efficiency" is here considered as the relationship of input to output (e.g., miles per gallon, or units produced per employee). "Effectiveness" can be thought of as a measure of accomplishment of purpose (e.g., increasing revenue, or carrying more passengers). An operation can be efficient but not effective, and vice versa.

** "Platform hours" are time during which an operator operates a revenue vehicle, either in revenue service or in deadheading, and lays over in the vehicle at a rest point. (Excluded is turn-in time, spread time, etc.) "Pay hours" as defined here exclude nonoperating work time such as training, accident reporting, fare collection, etc.

*** "Peak-to-base vehicle ratio" is the ratio of vehicles required during peak hours to the number required in the base period. The base period is defined as the period between the end of the A.M. peak and the beginning of the P.M. peak.

NOTE: "Passengers" are unlinked passengers. (A rider is counted as a passenger each time he/she boards a separate vehicle even if on the same trip.)

EX(AB1)

MAINTENANCE

1. Maintenance employees as a percent of total employees--reflects relative distribution of labor by department. When combined with transportation indicator, reflects level of non-overhead employment.
2. Miles per maintenance employee--indicator of effective utilization of maintenance work force.
3. Maintenance cost per mile--reflects cost-effectiveness of maintenance function.
4. Peak vehicle requirement as a percent of total vehicles--reflects ability of maintenance function to optimize capital investment in rolling stock.

1. Miles per maintenance-related roadcall--reflects effectiveness of maintenance to assure reliability of service. (It should be noted that this indicator, in particular, has been criticized as having been inadequately defined and inconsistently reported by the transit industry.)



APPENDIX X

RTA FUNDING SOURCES AND ALLOCATION

(RTA Act, as amended)

1. RTA Tax Revenue

- ° RTA retains its authority to receive its current sales tax (1% in Cook County, 1/4% in the five "collar" counties) and a tax on automobile rental.
- ° Establishes a formula allocation of sales tax revenues:
 - 15% retained by RTA distributed at the Board's discretion.
 - Chicago tax revenue: 100% CTA.
 - Suburban Cook tax revenue: 30% CTA; 55% commuter rail and 15% suburban bus.
 - Collar county tax revenue: 70% commuter rail and 30% suburban bus.

2. Federal Operating Assistance

- ° Presumes RTA will continue as the region's recipient of federal operating assistance.
- ° The RTA Board must establish a formula apportioning the funds to the Service Boards.

3. State Operating Assistance

- ° Between November 1, 1983 and June 30, 1984 RTA to receive from the State \$75 million, \$9,375,000 per month. Subsequently, RTA to receive from the State each month an amount equal to 25% of the net revenue realized from RTA taxes. Initially that will equal \$75 million or more depending on the growth of RTA's tax revenue.
- ° The funds are apportioned by the RTA Board to the Service Boards.
- ° RTA must adopt a balanced budget reflecting a 50% revenue recovery ratio before it can receive the State subsidies.
- ° RTA must refund to the State an amount equal to any shortfall below the 50% requirement.

4. \$5 Million Local Government Contribution

- ° Before CTA can receive State or Federal operating assistance, local governments must agree to contribute \$5 million in funding for public transit.



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